

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Human Resources	(2) MEETING DATE 12/17/2013	(3) CONTACT/PHONE Tami Douglas-Schatz (805) 781-5959	
(4) SUBJECT Submittal of a resolution for Management and Confidential employees, Bargaining Units (BU) 07, 08, and 11; Appointed Department Heads, BU 09; Elected Officials, BU 10; General Management Law Enforcement, BU 16; and the Board of Supervisors, BU 17 approving 1) an increase in employee-paid pension contribution rates, 2) an increase to the monthly Cafeteria Plan Allowance, and 3) amendments to the San Luis Obispo County Employees Retirement Plan Appendices.			
(5) RECOMMENDED ACTION It is recommended that the Board adopt a resolution for Management and Confidential employees, Bargaining Units (BU) 07, 08, and 11; Appointed Department Heads, BU 09; Elected Officials, BU 10; General Management Law Enforcement, BU 16; and the Board of Supervisors, BU 17 approving 1) an increase in employee-paid pension contribution rates effective the pay period that includes January 1, 2014, 2) an increase to the monthly Cafeteria Plan Allowance, and 3) amendments to the San Luis Obispo County Employees Retirement Plan Appendices.			
(6) FUNDING SOURCE(S) General Fund	(7) CURRENT YEAR FINANCIAL IMPACT \$348,637.00	(8) ANNUAL FINANCIAL IMPACT \$697,300.00	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____ ) <input type="checkbox"/> Board Business (Time Est. ____ )			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A    Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW  Reviewed by Leslie Brown			
(18) SUPERVISOR DISTRICT(S) All Districts -			

# County of San Luis Obispo



TO: Board of Supervisors

FROM: Tami Douglas-Schatz, Human Resources Director  
(805) 781-5959

DATE: December 17, 2013

SUBJECT: Submittal of a resolution for Management and Confidential employees, Bargaining Units (BU) 07, 08, and 11; Appointed Department Heads, BU 09; Elected Officials, BU 10; General Management Law Enforcement, BU 16; and the Board of Supervisors, BU 17 approving 1) an increase in employee-paid pension contribution rates, 2) an increase to the monthly Cafeteria Plan Allowance, and 3) amendments to the San Luis Obispo County Employees Retirement Plan Appendices.

## **RECOMMENDATION**

It is recommended that the Board adopt a resolution for Management and Confidential employees, Bargaining Units (BU) 07, 08, and 11; Appointed Department Heads, BU 09; Elected Officials, BU 10; General Management Law Enforcement, BU 16; and the Board of Supervisors, BU 17 approving 1) an increase in employee-paid pension contribution rates effective the pay period that includes January 1, 2014, 2) an increase to the monthly Cafeteria Plan Allowance, and 3) amendments to the San Luis Obispo County Employees Retirement Plan Appendices.

## **DISCUSSION**

The County's unrepresented Bargaining Units (BU) are comprised of 352 employees in BU 07, 08, and 11 (Management and Confidential employees), BU 09 (Appointed Department Heads), BU 10 (Elected Officials), BU 16 (General Management Law Enforcement), and BU 17 (Board of Supervisors). Approval of this Resolution will increase the employee-paid pension contribution rates, amend the San Luis Obispo County Employees Retirement Plan Appendices, and increase the monthly Cafeteria Plan Allowance by \$125 per month.

### **Pension Rate Increases:**

Each year, an actuarial valuation is conducted by the San Luis Obispo County Pension Trust ("Trust"). The Trust's 2012 actuarial valuation study (report dated January 1, 2013) calls for a one percent overall pension rate increase, with an implementation date effective the pay period that includes January 1, 2014. Based on this implementation date, the actuarial breakdown is a total rate increase for the "Miscellaneous" Bargaining Units of 0.97%. The total rate increase for the "Safety" Bargaining Units is 1.21%. The total rate increase for the "Probation" Bargaining Units is 0.99%.

In keeping with the County's overall direction of sharing pension increases equally with employees with a goal of achieving a sustainable pension plan, unrepresented employees in these Bargaining Units shall share one-half (50%) of the cost of pension increases. Below is a breakdown of the pension rate increases for the County's unrepresented Bargaining Units<sup>1</sup>:

- Effective the pay period that includes January 1, 2014, the pension contribution rate for "Miscellaneous" employees in Bargaining Units 07, 08, 09, 10, 11, and 17, as shown in Attachment A, attached hereto, shall increase by 0.48%. The County's appropriation rate shall also increase by 0.49%.
  - Tier 1 and Tier 2 member contribution rates are reflected in Appendix A – Miscellaneous Members Contribution Rates and Appendix A Tier 2 – Miscellaneous Members Contribution Rates, attached

<sup>1</sup> No pension rate increases for Tier 3 members. The Pension Trust's 2012 actuarial valuation was prior to the passage of PEPRA and does not include Tier 3 data.

hereto, to reflect the new member contribution rates and the County's new appropriation rate.

- Effective the pay period that includes January 1, 2014, the pension contribution rate for "Safety" employees in Bargaining Units 07, 10, and 16, as shown in Attachment A, attached hereto, shall increase by 0.60%. The County's appropriation rate shall also increase by 0.61%.
  - Tier 1 and Tier 2 member contribution rates are reflected in Appendix B – Safety Members Contribution Rates and Appendix B Tier 2 – Safety Members Contribution Rates, attached hereto, to reflect the new member contribution rates and the County's new appropriation rate.
- Effective the pay period that includes January 1, 2014, the pension contribution rate for "Probation" employees in Bargaining Units 08 and 09, as shown in Attachment A, attached hereto, shall increase by 0.49%. The County's appropriation rate shall also increase by 0.50%.
  - Tier 1 member contribution rates<sup>2</sup> are reflected in Appendix C – Probation Members Contribution Rates, attached hereto, to reflect the new member contribution rates and the County's new appropriation rate.

#### **Health Coverage – Cafeteria:**

Since 2006, employee health costs have continued to rise. To help defray some of those costs, each employee in Bargaining Units 07, 08, 09, 10, 11, 16, and 17 shall receive an increase of \$125 per month to the County's Cafeteria Plan Allowance, commencing the pay period that includes January 1, 2014.

- For those employees who elect County-sponsored health insurance, the current \$850 per month shall increase to \$975 per month. For BU 16, the current \$459 per month shall increase to \$584 per month.
- For those who opt out of County-sponsored health insurance, the current \$711 shall increase to \$836 per month. For BU 16, the current \$344 per month shall increase to \$469 per month.

#### **Equity Increases for Four (4) Unrepresented Confidential Classifications:**

On December 10, 2013, your Board approved amendments to the San Luis Obispo County Employees' Association (SLOCEA), Bargaining Units 01, 05, and 13 Memorandum of Understanding, which included a previously deferred 0.4% Prevailing Wage Adjustment (PWA) retroactive to the pay period that includes July 1, 2013, and a subsequent 0.78% wage increase effective the pay period following Board of Supervisors approval. These two SLOCEA wage increases placed four (4) unrepresented confidential classifications below their non-confidential classification counterparts. No other confidential classifications will fall below their non-confidential classification counterparts with the SLOCEA wage increases and are therefore not impacted.

The County's compensation philosophy is to maintain salary parity between classes and adjust wages when necessary. In order to maintain salary parity between these classes and their non-confidential classification counterparts, it is recommended that those same SLOCEA wage increases be applied to wages for the four (4) unrepresented classifications designated as Confidential and listed below:

<b>Classification Number</b>	<b>Classification Title</b>	<b>Current Range</b>	<b>0.4% PWA Increase effective 6/23/2013</b>	<b>0.78% Wage Increase effective 12/22/2013</b>
970	Computer Systems Tech Aide – Confidential	1581	1587	1599
987	Computer Systems Tech I – Confidential	1892	1900	1915
988	Computer Systems Tech II – Confidential	2104	2112	2128
1989	Computer Systems Tech III – Confidential	2420	2430	2449

#### **OTHER AGENCY INVOLVEMENT/IMPACT**

Representatives from the Administrative Office, Auditor-Controller, and the Pension Trust participated in the development of the Employees Retirement Plan Appendices. County Counsel has reviewed and approved the Resolution for legal form and effect. The Auditor's Office and Human Resources will process the system changes needed to implement the pension rate changes, wage and cafeteria increases.

<sup>2</sup> To date, a second tier retirement for "Probation" members has not been implemented.

## **FINANCIAL CONSIDERATIONS**

### **Pension Rate Increases:**

Effective the pay period that includes January 1, 2014, the total rate increase for the "Miscellaneous" Bargaining Units is 0.97%. The total rate increase for the "Safety" Bargaining Units is 1.21%. The total rate increase for the "Probation" Bargaining Units is 0.99%. By splitting the pension rate increases, the percentage breakdown of the increased employee share and the increased County share is as follows:

	<b>MISCELLANEOUS</b>	<b>SAFETY</b>	<b>PROBATION</b>
Employee share	0.48%	0.60%	0.49%
County share	0.49%	0.61%	0.50%
<b>TOTAL</b>	<b>0.97%</b>	<b>1.21%</b>	<b>0.99%</b>

Based on the increased County share, the County's costs for FY 2013-14 will increase by approximately \$83,000 for the time period of January, 2014 through June, 2014. The County's annual ongoing costs shall increase by approximately \$166,000.

### **Cafeteria Allowance:**

By increasing the Cafeteria Plan Allowance by \$125 per month for all unrepresented employees, the County's costs for FY 2013-14 will increase by approximately \$264,000 for the time period of January, 2014 through June, 2014. The County's annual ongoing costs shall increase by approximately \$528,000.

### **Equity Adjustment for Four (4) Confidential Classifications:**

There are currently three (3) employees in the classification of Computer Systems Tech III – Confidential. Increasing wages by 0.4% retroactive to the pay period that includes July 1, 2013 increases the County's costs by approximately \$636. Increasing wages by 0.78% effective the pay period following Board approval increases the County's costs by approximately \$1,001, for a total of approximately \$1,637 for FY 2013-14. The County's annual ongoing costs shall increase by approximately are \$3,300.

Total County costs for FY 2013-14 for pension rate increases, the increase to cafeteria allowance, and the equity adjustments to the four (4) confidential classifications will increase by approximately \$348,637. The County's annual ongoing costs shall increase by approximately \$697,300. Pursuant to Board direction, departments will absorb the increased County costs associated with this resolution.

## **RESULTS**

Approval of this Resolution will help mitigate the effects of ongoing pension cost increases to the County by equally sharing the costs between the County and all unrepresented employees. In keeping with the Board of Supervisors' direction to stabilize the County's overall budget and share in pension rate increases, the County continues to maintain efforts toward ensuring a fiscally sustainable pension system. Approval of this Resolution also results in an increase to the Cafeteria Plan Allowance that helps defray the employee health costs which have continued to rise since 2006. These changes also contribute to a results-oriented, well-governed community.

## **ATTACHMENTS**

1. Resolution - Unrepresented Bargaining Units (BU 07, 08, 09, 10, 11, 16, and 17)
2. Appendix A - Miscellaneous Rates
3. Appendix A Tier 2 - Miscellaneous Rates
4. Appendix B - Safety Rates
5. Appendix B Tier 2 - Safety Rates
6. Appendix C - Probation Rates
7. Attachment A - Unrepresented Bargaining Units Job Classifications
8. Attachment B - Confidential Classifications Receiving Wage Increases